# STATE OF CAR DIRNA-NOTICE PUBLICATION/RECULATIONS SUBMISSION

(See instructions on reverse)

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reverse) NOTICE FILE NUMBER REGULATORY ACTION NUMBER EMERGENCY NUMBER OAL FILE NUMBERS Z-2009-061 For use by Office of Administrative Law (OAL) only 2009 JUN 18 PM 3: 45 OFFICE OF ADMINISTRATIVE LAW NOTICE REGULATIONS AGENCY WITH RULEMAKING AUTHORITY AGENCY FILE NUMBER (If any) Department of Alcohol and Drug Programs A. PUBLICATION OF NOTICE (Complete for publication in Notice Register) 1. SUBJECT OF NOTICE TITLE(S) FIRST SECTION AFFECTED 2. REQUESTED PUBLICATION DATE 3. NOTICE TYPE Notice re Proposed TELEPHONE NUMBER FAX NUMBER (Optional) 4. AGENCY CONTACT PERSON Other Regulatory Action ACTION ON PROPOSED NOTICE OAL USE NOTICE REGISTER NUMBER PUBLICATION DATE Approved as Approved as Disapproved/ ONLY Withdrawn B. SUBMISSION OF REGULATIONS (Complete when submitting regulations) 1a. SUBJECT OF REGULATION(S) 1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) Licensure and Certification Fees 2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related) SECTION(S) AFFECTED Sections 10700 and 10701 (List all section number(s) AMEND individually. Attach Sections 10518 and 10529 additional sheet if needed.) TITLE(S) 9 Sections 10532 and 10533. 3. TYPE OF FILING Regular Rulemaking (Gov. Certificate of Compliance: The agency officer named Emergency Readopt (Gov. Changes Without Regulatory Code §11346) below certifies that this agency complied with the Code, §11346,1(h)) Effect (Cal. Code Regs., title Resubmittal of disapproved or provisions of Gov. Code §§11346.2-11347.3 either 1, §100) withdrawn nonemergency before the emergency regulation was adopted or File & Print Print Only filing (Gov. Code §§11349.3, within the time period required by statute. 11349.4) Resubmittal of disapproved or withdrawn Emergency (Gov. Code, Other (Specify) emergency filing (Gov. Code, §11346.1) §11346.1(b)) 4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. Litle 1, \$44 and Gov. Code §11347.1) 5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100.) Effective Effective 30th day after Effective on filing with §100 Changes Without  $|\mathbf{x}|$ filing with Secretary of State Regulatory Effect other (Specify) Secretary of State 6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY Fair Political Practices Commission State Fire Marshal Department of Finance (Form STD, 399) (SAM §6660) Other (Specify) 7 CONTACT PERSON TELEPHONE NUMBER FAX NUMBER (Optional) E-MAIL ADDRESS (Optional) Mary Conway (916) 327-4742 mconway@adp.ca.gov For use by Office of Administrative Law (OAL) only I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification. SIGNATURE OF AGENCY HEAD OR DESIGNEE TYPED NAME AND TITLE OF SIGNATORY Morgan Staines, Chief Counsel

# DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

Amendment of Section 10518 and 10529, Repeal of Sections 10532 and 10533, and Adoption of Sections 10700, 10701, Title 9, California Code of Regulations

#### LICENSURE AND CERTIFICATION FEES

**Full Text of Emergency Regulations** 

#### **AMEND SECTION 10518 AS FOLLOWS:**

§ 10518. Where to Submit Completed Applications.

Applicants shall submit completed applications for licensure to the Licensing and Certification Division, Department of Alcohol and Drug Programs, 1700 K Street, Sacramento, CA 95811-4037.

As used in this regulation, "completed application" means an application for licensure which includes all of the information and documentation required in Sections 10516 and 10517- and all fees pursuant to Chapter 5.5, commencing with Section 10700.

Note: Authority cited: Sections 11755, <u>11833.04</u>, 11834.50, and 11835, Health and Safety Code. Reference: Sections <u>11833.02</u>, 11834.03, and 11834.09, Health and Safety Code.

#### AMEND SECTION 10529 AS FOLLOWS:

## § 10529. Extension of Period of Licensure.

- (a) At least 120 days prior to the expiration date noted on the license, the Department shall send a notice to the licensee which shall:
  - (1) Inform the licensee of the date when the current period of licensure will expire, as specified on the license;
  - (2) Inform the licensee that the period of licensure will be extended if the licensee:
    - (A) Updates the licensing information contained in the licensee's application for licensure;
    - (B) Pays all licensing fees in accordance with Section 10533; 10701;
    - (C) Pays any civil penalties assessed in accordance with Section 10547 and adjudicated pursuant to Section 10550; and
    - (D) Maintains a valid fire clearance.
  - (3) Notify the licensee that failure to pay all licensing fees due or to return the information requested by the date of expiration specified on the notice will result in automatic expiration of the license and that continued operation of the facility beyond the date of expiration is prohibited by Section 11834.30 of the Health and Safety Code and Section 10505 of this chapter.
- (b) If the licensee complies with the requirements of Subsection (a)(2) of this regulation, the Department shall automatically extend the period of licensure, unless the Department has petitioned the court to enjoin operation of the facility, pursuant to Section 10548(f).
- (c) If the licensee fails to comply with the requirements of Subsection (a)(2) of this regulation, the license shall automatically expire as of the date specified on the license.
- (d) The Department shall not extend the period of licensure until all licensing fees and/or civil penalties, assessed pursuant to Section 10547 and adjudicated pursuant to Section 10550, have been paid in full.
- (e) Failure to pay licensing fees and/or civil penalties, assessed pursuant to Section 10547 and adjudicated pursuant to Section 10550, within thirty (30) days after the date the period of licensure expires shall be deemed a voluntary relinquishment of the license.
- (f) In the event that the licensee voluntarily relinquishes the license, in order to reapply for licensure the licensee shall:

- (1) Submit a new application for licensure, pursuant to Article 3 (commencing with Section 10514) of this chapter:
- (2) Pay a licensing fee; and
- (2)(3) Pay all outstanding licensing fees and all unpaid civil penalties, assessed pursuant to Section 10547 and adjudicated pursuant to Section 10550.

Note: Authority cited: Sections 11755, <u>11833.04</u>, 11834.50, and 11835, Health and Safety Code. Reference: Sections <u>11833.02</u>, 11834.01, and 11834.16, Health and Safety Code.

#### **REPEAL HEADING OF ARTICLE 5**

### **Article 5. Licensing Fees**

#### **REPEAL SECTION 10532 AS FOLLOWS:**

# § 10532. Computation of Licensing Fees.

- (a) The Department shall assess a fee for licensing each alcoholism or drug abuse recovery or treatment facility not operating under the auspices of a nonprofit organization or a governmental entity.
- (b) The Department shall compute licensure fees every other year.
- (c) The licensure fee shall be the average actual cost of licensing a facility, computed as follows:
  - (1) The Department shall compute the average actual cost by dividing the projected departmental expenses (including staff salaries and benefits, operating expenses, and indirect costs related to licensing) for the current fiscal year by the total number of residential alcoholism or drug abuse recovery or treatment facilities licensed as of June 1st of the previous fiscal year.
  - The Department shall provide the data base used for computing licensure fees upon request and shall also include it as part of the Department's application for licensure.

Note: Authority cited: Sections 11755, 11834.50 and 11835, Health and Safety Code. Reference: Section 11834.15, Health and Safety Code.

#### REPEAL SECTION 10533 AS FOLLOWS:

# § 10533. Payment of Licensing Fees.

- (a) Except for residential alcoholism or drug abuse recovery or treatment facilities which are operated under the auspices of a nonprofit organization or a governmental entity, all applicants for licensure and all licensees are required to pay a licensing fee, computed by the Department in accordance with Section 10532.
- (b) The application for licensure shall specify the amount of the licensing fee to be paid upon application.
  - (1) Applicants for licensure shall attach to the application for licensure a certified check or money order in the amount of the licensing fee.
  - (2) The Department may terminate its review of an application for licensure if the applicant has failed to attach the required licensure fee.
  - (3) The licensure fee shall not be refunded.
- (c) At least 90 days prior to the expiration date specified on the license, the Department shall notify the licensee of the amount of licensing fee to be paid and the date by which the fee shall be paid.
  - (1) The licensee shall submit licensing fees prior to the expiration date noted on the license.
  - (2) The license shall expire on the date specified on the license unless all licensing fees have been paid in full.

Note: Authority cited: Sections 11755, 11834.50 and 11835, Health and Safety Code. Reference: Sections 11834.03, 11834.09 and 11834.16, Health and Safety Code.

#### **ADOPT CHAPTER 5.5 AS FOLLOWS:**

# CHAPTER 5.5. LICENSURE AND CERTIFICATION FEES FOR OUTPATIENT PROGRAMS AND RESIDENTIAL ALCOHOLISM OR DRUG ABUSE RECOVERY OR TREATMENT FACILITIES.

# **ADOPT SECTION 10700 AS FOLLOWS:**

# § 10700. Purpose of Chapter.

This chapter shall implement the process for assessing licensure and/or certification fees for all outpatient programs or residential alcoholism or drug abuse recovery or treatment facilities, regardless of the form of organization or ownership, that are or seek to be certified pursuant to Chapter 7 (commencing with Section 11830.1) and/or licensed pursuant to Chapter 7.5 (commencing with Section 11834.01), Part 2, Division 10.5 of the Health and Safety Code.

Note: Authority cited: Sections 11755, 11833.04, 11834.50 and 11835, Health and Safety Code. Reference: Section 11833.02, Health and Safety Code.

#### **ADOPT SECTION 10701 AS FOLLOWS:**

#### § 10701. Fees.

(a) Outpatient programs and residential alcoholism or drug abuse recovery or treatment facilities, regardless of the form of organization or ownership, shall pay fees for applications and for continued licensure and/or certification as provided in this regulation, until such time as any new fees or fee changes are enacted in accordance with Section 11833.02(d) of the Health and Safety Code. As used in this regulation, "initial/extension fees" means fees for initial two-year period of licensure and fees for biennial renewal.

# (1) Residential Licensure Fees

(A)	Initial Residential Licensure Application Fee	\$ 2,773.00
(B)	Biennial Residential Licensure	
	Initial/Extension Fee	\$ 147.00 (per bed)
(C)	Adolescent Waiver Application Fee	\$ 1,370.00
(D)	Dependent Children Application Fee	\$ 958.00
(E)	Increase in Bed Capacity Application Fee	\$ 940.00
<u>(F)</u>	Facility Relocation Application Fee	\$ <u>916.00</u>

# (2) Outpatient Certification Fees

(A)	Initial Outpatient Certification Application Fee	\$ 2,664.00
(B)	Biennial Outpatient Certification Initial/Extension Fee	\$ 3,452.00
(C)	Facility Relocation Application Fee	\$ 916.00

# (3) Combined Residential Licensure and Certification Fees

\$ 3,698.00
\$ 147.00 (per bed)
\$ 1,370.00
\$ 958.00
\$ 940.00
\$ 916.00

- (4) In addition, residential facilities that are approved for an increase in bed capacity will pay the per bed licensure and/or certification fee for each treatment bed added to the facility. Expansion bed fees will be prorated to the next expiration date of the license/certification.
- (b) The Department shall not commence review of any application which does not include all fees which are due at the time of application. The Department shall not renew any

license or certification unless all fees are paid prior to the expiration date. All fees are nonrefundable, shall be paid by certified check or money order, made payable to the Department of Alcohol and Drug Programs, and submitted with the completed application to the Department of Alcohol and Drug Programs at 1700 K Street, Sacramento, CA 95811-4037.

(c) Upon approval of an application for initial licensure and/or certification, the Department shall notify the applicant in writing of the amount of fee due for initial biennial licensure, certification, or combined licensure and certification. The applicant shall pay initial biennial licensure, certification, or combined licensure and certification fees by certified check or money order within 30 days of the date of the notice. Upon receipt of the fee, the Department shall issue the license or certification.

Note: Authority cited: Sections 11755, 11833.04, 11834.50 and 11835, Health and Safety Code. Reference: Section 11833.02, Health and Safety Code.

#### DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

Amend Section 10518 and 10529, Repeal Sections 10532 and 10533, and Adopt Sections 10700 and 10701, Title 9, California Code of Regulations

#### LICENSURE AND CERTIFICATION FEES

# **Finding of Emergency**

#### INFORMATIVE DIGEST

The Department of Alcohol and Drug Programs (ADP) is authorized to license residential alcoholism or drug abuse recovery or treatment facilities (residential facilities) pursuant to Chapter 7.5 of the Health and Safety Code (HSC) (commencing with Section 11834.01), as implemented by Chapter 5 (commencing with Section 10500), Title 9 of the California Code of Regulations (CCR). ADP is authorized to certify both residential alcoholism or drug abuse recovery or treatment facilities and outpatient alcohol and other drug programs (outpatient programs) pursuant to Chapter 7 (commencing with Section 11830) of the HSC.

Prior to the enactment of Chapter 177 (Senate Bill 84), Statutes of 2007, ADP charged biennial licensure fees only to for-profit residential facilities. Facilities operating under the auspices of a nonprofit organization or a governmental entity were exempt from paying licensure fees, and ADP did not charge fees for certification of either residential facilities or outpatient programs. However HSC Section 11833.02, added by Chapter 177, requires ADP to charge fees for licensure and certification of all residential facilities and for certification of outpatient programs, regardless of the form of organization or ownership. HSC Sections 11831.5 and 11833.04, added by Chapter 177, require ADP to adopt emergency regulations implementing fees for licensure and certification. As authorized by HSC 11833.04, ADP implemented assessment and collection of licensure and certification fees through ADP Bulletin 07-11 until emergency regulations could be adopted.

On February 18, 2009, ADP complied with the requirements of Government Code (GC) Section 11346.1(a)(2), by mailing out a 5-Day Notice of Emergency Rulemaking, that informed the public of ADP's intention to adopt emergency regulations and provided a public comment period prior to adoption of the emergency regulations.

This regulatory action amends Sections 10518 and 10529, repeals Sections 10532 and 10533, and adopts Sections 10700 and 10701, Title 9, California Code of Regulations, to allow ADP to collect licensure and certification fees for residential facilities and certification fees for outpatient programs, regardless of the form of organization or ownership. This regulatory action does not adopt new policy; it merely codifies in regulation existing policy implemented in 2007 through ADP Bulletin 07-11.

# Specifically:

Section 10518 is amended to clarify that "completed application" means an application including fees for licensure.

Section 10529 is amended to correct a cross reference and to require the licensee to pay a licensing fee in order to re-apply for licensure if he/she has voluntarily relinquished his/her license.

Section 10532 and Section 10533 are repealed because they no longer comply with HSC Section 11833.02.

Section 10700 is adopted to state that the purpose of new Chapter 5.5 (commencing with Section 10700) shall be to implement a process for implementing licensure and/or certification fees for residential facilities and outpatient programs.

Section 10701 is adopted to specify the amount of licensure and/or certification fees for residential facilities and outpatient programs.

# SPECIFIC FACTS AND SUBSTANTIAL EVIDENCE DEMONSTRATING THE EXISTENCE OF AN EMERGENCY AND THE NEED FOR IMMEDIATE ACTION

HSC Sections 11831.5(g) and 11833.04(b) require ADP to adopt these regulations on an emergency basis as shown below.

HSC Section 11831.5(g) states: "Regulations adopted by the department pursuant to this section shall be adopted as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and for the purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, including subdivision (e) of Section 11346.1 of the Government Code, any emergency regulations adopted pursuant to this section shall be filed with, but not be repealed by, the Office of Administrative Law and shall remain in effect until revised by the department. Nothing in this subdivision shall be interpreted to prohibit the department from adopting subsequent amendments on a nonemergency basis or as emergency regulations in accordance with the standards set forth in Section 11346.1 of the Government Code."

HSC Section 11833.04(b) states: "Notwithstanding any other provision of law, the adoption of regulations implementing this chapter shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare."

HSC Section 11833.04 requires ADP to adopt emergency regulations no later than September 30, 2008, unless ADP provides written notification of a delay to the Chair of

the Joint Legislative Budget Committee. ADP's written notification to Denise Ducheny is included in the rulemaking file. HSC Section 11833.04 prohibits delay of emergency regulations beyond June 30, 2009.

ADP finds that an emergency exists and that the subject regulatory changes are necessary for the immediate preservation of the public peace, health, safety, and general welfare. These regulations are needed on an emergency basis to protect public peace, health, safety, and general welfare by ensuring quality of services and continued availability of alcohol and drug treatment services provided by residential facilities and outpatient programs in California.

If these regulations are not adopted on an emergency basis, ADP and the State of California will not be in compliance with HSC Section 11833.01 as adopted by Chapter 177. Failure to adopt these regulations on an emergency basis could jeopardize public peace, health, safety, and general welfare by depriving ADP of the continued revenue it needs to provide sufficient staff resources to license and certify residential facilities, to certify outpatient programs, and to monitor and ensure the quality of alcohol and other drug treatment services provided by residential facilities and outpatient programs. Without the ability to continue licensing, certifying, and monitoring residential facilities and outpatient programs, ADP could not ensure the quality of services provided or the health and safety of clients.

HSC Section 11834.30 clearly prohibits operation of a residential facility without a license. If these regulations are not adopted on an emergency basis, ADP would not have the continued revenue it needs to provide sufficient staff resources to extend biennial licensure. Thus currently licensed residential facilities would be forced to close when their current twoyear period of licensure expires unless they chose to operate in violation of law. Closure of existing residential facilities, combined with ADP's inability to license new residential facilities, would severely impact the availability of essential AOD treatment services in California. Without sufficient availability of AOD treatment services, the rate of alcoholism and addiction could increase, threatening individual and public health by increasing the prevalence of hepatitis B and C infection, HIV/AIDS, sexually transmitted diseases, and tuberculosis. An increase in alcoholism and addiction would impact the welfare system by decreasing individuals ability to support themselves and their families or to be responsible. productive members of society. An increase in alcoholism and addiction would impact public safety by increasing the incidence of driving under the influence. An increase in alcoholism and addiction would impact the criminal justice system by causing an increase in criminal activity.

Additionally, failure to approve these regulations on an emergency basis could impact the economy of California by causing a greater detrimental impact on businesses and individuals than any detrimental impact resulting from implementation of Chapter 177. Closure caused by inability to extend an existing license would impact owners and employees of residential facilities. Individuals wishing to open new residential facilities and all potential employees of those facilities would be detrimentally impacted because ADP would not have the revenue for staff resources needed to approve new licenses for residential facilities.

#### **NECESSITY FOR PROPOSED REGULATIONS:**

Specific necessity for each requirement in this rulemaking action is shown in the initial statement of reasons and attached annotated text of the emergency regulations, which are hereby incorporated by reference. The attached Addendum to the Initial Statement of Reasons explains how ADP developed the licensure and certification fees shown in Section 10701(a). It is also incorporated by reference.

# EXPLANATION OF WHY THE PROPOSED REGULATIONS CANNOT BE ADOPTED THROUGH THE NON EMERGENCY REGULATORY PROCESS

HSC Sections 11831.5(g) and 11833.04(b) require ADP to adopt these regulations on an emergency basis. In fact, HSC Section 11833.04(b) states that regulations implementing Chapter 177 shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare.

# 5-DAY NOTICE OF EMERGENCY RULEMAKING

On February 18, 2009, ADP provided a 5-Day Notice of Emergency Rulemaking as required by Government Code (GC) Section 11346.1(a)(2). ADP has summarized and responded to each public comment submitted in response to the 5-Day Notice of Emergency Rulemaking. The summary of comments and responses are included in the emergency rulemaking file for this action.

# STATUTORY AUTHORITY AND REFERENCE CITATIONS

The statutory authority for these regulatory changes is HSC Section 11755.

The statutory references for this regulatory action are HSC Sections 11833.01, 11833.02, 11833.03, 11833.04, 11834.03, 11831.2, and 11831.5.

#### FISCAL IMPACT STATEMENTS

Anticipated costs or savings to federal funding to the state:

None, because no federal funding is involved and this regulatory action merely codifies existing policy into regulation.

Anticipated costs or savings to state agencies:

None, because this regulatory action merely codifies existing policy into regulation.

Anticipated costs or savings to county or local government:

None, because this regulatory action merely codifies existing policy into regulation.

# Anticipated fiscal or economic impact on business:

None, because this regulatory action merely codifies existing policy into regulation. Any costs result from the statutory changes to the HSC enacted by Chapter 177 rather than from this regulatory action.

ADP has made an initial determination that this regulatory action will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. Because this regulatory action merely codifies existing policy, this regulatory action will not affect the ability of California businesses to compete with businesses in other states. This regulatory action will not affect the creation or elimination of jobs, the creation of new businesses, the elimination of existing businesses, or the expansion of businesses currently doing business within the State of California.

### Anticipated fiscal or economic impact on small businesses:

This regulatory action will impact small businesses, since most outpatient programs and residential alcoholism or drug abuse recovery or treatment facilities are small businesses. However this regulatory action will not result in any negative impact or cost to small businesses because it merely codifies existing policy in regulation.

# Impact on representative private persons or businesses:

ADP is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed regulatory action.

# Mandate on local agencies and school districts:

None. ADP has determined that this rulemaking action will not impose any new mandates on school districts or other local governmental agencies which must be reimbursed by the State pursuant to Government Code Sections 17500 through 17630.

Other non-discretionary costs or savings imposed upon local agencies or school districts:

None.

#### Impact on housing costs:

ADP does not anticipate that this regulatory action will impact housing costs in any way.

# **OPPOSITION AND SUPPORT FOR EMERGENCY ADOPTION**

Unknown.

# INDIVIDUALS OR GROUPS WHO HAVE PREVIOUSLY INDICATED SUPPORT OR OPPOSITION TO THIS EMERGENCY ADOPTION

On behalf of New Directions, Inc., Jamie Broder of Paul, Hastings, Janofsky & Walker LLP submitted a letter of opposition to ADP in response to ADP's 5-Day Notice of Emergency Rulemaking. ADP contacted Ms. Broder by e-mail and advised her to submit her comments to the Office of Administrative Law. A copy of Ms. Broder's letter, ADP's e-mail reply, and ADP's rebuttal of Ms. Broder's opposition is included in the rulemaking file.

Sean E. Zullo, of Choices Recovery Services, submitted a letter to ADP requesting amendments to the proposed emergency regulations. A copy of Mr. Zullo's letter and ADP's summary and response to Mr. Zullo's comments are included in the rulemaking file.